

**AUDIT CERTIFICATE AND REPORT**  
**On the Accounts of**  
**NATIONAL INSTITUTE OF TECHNOLOGY**  
**DURGAPUR**

**For the year 2010-11**

*\* Scanned Copy*

CONFIDENTIAL



सत्यमेव जयते

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भारतीय लेखा तथा लेखा-परीक्षा विभाग  
प्रधान निदेशक, लेखा-परीक्षा का कार्यालय,  
केन्द्रीय, कोलकाता

INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
CENTRAL, KOLKATA.

No: OA II (AB)/AR/2010-11/NIT/ 347

Date: 07.12.2011

A copy of the Separate Audit Report alongwith Annexure on the accounts of National Institute of Technology, for the year 2010-11 is forwarded to the *Director, National Institute of Technology, Mahatma Gandhi Avenue Durgapur, 713209*, for information and necessary action.

Arrangement may please be made for preparation of Hindi Version of the Separate Audit Report with Annexure at your end and sending the same directly to the Ministry.

It may please be ensured that the Audited Accounts and the Separate Audit Report along with Annexure are placed before the apex body for consideration and adoption before the same are sent to the Government for being placed in Parliament.

Six copies of the printed Annual Report for the year 2010-11 (both English and Hindi Version) containing the Audited Accounts and the Separate Audit Report along with Annexure, as laid before Parliament, may please be forwarded to this office for necessary action at this end.

Encl.: As stated

Dy. Director (I)

Audit officer.  
A. M. S.  
21/12/11



सत्यमेव जयते

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SPEED POST

भारतीय लेखा तथा लेखा-परीक्षा विभाग  
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INDIAN AUDIT AND ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
CENTRAL, KOLKATA.

No: OA II (AB)/AR/2010-11/NIT/ 346

Date:

To  
The Secretary,  
Ministry of Human Resource Development,  
Government of India,  
Department of Secondary & Higher Education,  
Shastri Bhavan,  
New Delhi - 110001

Subject: Separate Audit Report on the accounts of  
*National Institute of Technology, Durgapur* for the year 2010-11

Sir,

I am to forward herewith the Separate Audit Report in the prescribed format introduced by the C & A.G of India on the accounts of *National Institute of Technology, Durgapur* for the year 2010-11. A copy of the annual accounts of the organisation for the year 2010-11 is also enclosed.

2. Five copies of Separate Audit Report (both English and Hindi Version), as may be presented before Parliament, may please be forwarded to this office for necessary action at this end.

3. The date of laying the audited accounts and the Separate Audit Reports for the year 2010-11 on the Tables of both the Houses of Parliament may also please be communicated to this office.

Yours faithfully,

L. V. Sudhir Kumar  
Director General of Audit  
Central: Kolkata

Encl.: As stated

**Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of National Institute of Technology, Durgapur for the year ended 31 March 2011**

We have audited the attached Balance Sheet of National Institute of Technology, Durgapur, as at 31 March 2011 and the Income and Expenditure account and Receipts and Payments Account for the year ended on that date under Section 19(2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 22 of the National Institute of Technology Act, 2007. These financial statements are the responsibility of the Institute's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller and Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules and Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any, are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:
- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. The Balance Sheet and Income and Expenditure Account and Receipts and Payments Account dealt with by this report have been drawn up in the format prescribed by the Ministry of Finance, Government of India.
  - iii. In our opinion, proper books of accounts and other relevant records have been maintained by the National Institute of Technology as required under Section 22 of the National Institute of Technology Act, 2007 in so far as it appears from our examination of books.
  - iv. We further report that

**A Balance Sheet**

**1.1. Liabilities:**

Despite mention in the previous Audit Reports, the Institute could not make available any supporting documents in support of existence/creation of Fixed Assets of ₹30.96 lakh as exhibited in Schedule-8 against the Project grant (₹32.20 lakh) transferred to Earmarked Fund (Schedule-3) as 'Research Grant' in the year 2007-08.

**1.2 Assets**

Despite mention in the previous Audit Report, the Institute had not taken the amount of investment bearing TDR No. 268016 of Canara Bank for ₹1.39 lakh into investment schedule resulting in retention of that investment out of the account.

## **B Income and Expenditure Account**

Income and Expenditure account exhibited ₹10.26 crore as Depreciation during the year 2010-11. However, scrutiny of depreciation statement revealed that depreciation was charged short by ₹37.94 lakh.

This has resulted in overstatement of Fixed Asset and Capital Fund by ₹ 37.94 lakh.

## **C General:**

3.1 The Assets and liabilities of ₹53.65 lakh of Nodal Centre functions within the Institute had not been incorporated with the main Balance Sheet of the Institute at the end of 2010-11. This resulted in understatement of both Assets and liabilities at the end of 2010-11.

3.2 The Institute had invested the entire Pension and GPF balance amount of ₹31.35 crore (Pension Fund ₹5.52 crore + GPF ₹25.83 crore) with the Banks and thus had not followed the pattern of Investment as per the Government of India's Notification dated 14 August.

3.3 It was observed that NIT, Durgapur have not incorporated the accounts relating to projects in the main accounts of the NIT but appended a statement separately. As per common format of accounts all funds relating to projects should have been exhibited as Earmarked Fund in the Balance Sheet of the main accounts.

In 2010-11, the number of ongoing projects was shown as 34 including 4 new projects and the opening balances of 30 Projects were exhibited. In 2009-10, the Closing Balance of 20 numbers of the projects were exhibited. This resulted in a discrepancy of 10 projects between exhibition of closing balance of 2009-10 and exhibition of opening balance of 2010-11. The discrepancy needs to be reconciled.

#### **D Grants-in-aid**

Out of the total grant received (₹75.00 crore), the Institute had utilized ₹93.49 crore (Plan ₹27.53 crore, OSC ₹8.32 crore and Non Plan ₹57.65 crore) leaving an unspent balance of ₹21.68 crore under OSC and excess utilization was made of ₹40.18 crore (both under Plan & Non-Plan head). Excess expenditure was met out of previous unspent balance and internal revenues.

Further the Institute had functioned as a mentor of two newly setup Technical Institutes viz. NIT Arunachal Pradesh and Ghani Khan Chaudhary Institute of Engineering & Technology (GKCIET), Malda, West Bengal. Thus as a mentor, the Institute had received Plan Grant of ₹3.90 crore for NIT Arunachal Pradesh and ₹1.60 crore for GKCIET. Out of the above grants (₹5.50 crore), the amount of ₹1.22 crore was spent (NIT Arunachal Pradesh ₹0.88 crore and GKCIET ₹0.34 crore) leaving an unspent balance of ₹4.28 crore (NIT Arunachal Pradesh ₹3.02 crore and GKCIET Malda ₹1.26 crore). The Institute had maintained separate accounts for exhibition of detailed receipts and expenditures for both the newly established Technical Institutes.

#### **E Effect of Audit Comments**


The net impact of the Comments given in preceding Paragraphs is that both the assets and liabilities of the Institute were overstated by ₹37.94 lakh as at 31 March 2011.

#### **F Management Letter**

Deficiencies which have not been included in the Audit Report have been brought to the notice of the Director, National Institute of Technology, Durgapur through a management letter issued separately for remedial/corrective action.

- v. Subject to our observations in the preceding paragraphs, we report that the Balance sheet and Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in the Annexure to this Separate Audit Report, give a true and fair view in conformity with accounting principles generally accepted in India
- a. in so far as it relates to the Balance Sheet, of the state of affairs of the National Institute of Technology, Durgapur as at 31 March 2011 and
  - b. in so far as it relates to Income and Expenditure Account of the deficit for the year ended on that date.

For and on behalf of the C&AG of India

  
L. V. Sudhir Kumar  
Director General of Audit  
Central :: Kolkata

Place:-Kolkata  
Date:- 07.12.2011



## Annexure to Separate Audit Report

### A Adequacy of Internal Audit System

1. No Internal Audit Manual was in use.
2. The scope of Internal Audit was limited to pre-checking of some bills.
3. Internal Audit Report was never prepared.

### B Adequacy of Internal Control System

4. Fees directly deposited to Bank were not accounted for promptly.
5. Fixed Assets barring library books were not insured.
6. Vouchers were not stamped as 'paid and cancelled'.
7. Lack of synergy between various departments of the Institute. This resulted in non-exhibition of Projects Accounts within the Institute Accounts. As such actual position of different Project Accounts, acquisition of Assets and interest earned out of the Project Fund could not be traced out.
8. Register for demand and collection of college dues from students was not maintained properly. This indicates inadequacy in the monitoring system.
9. There is no centralized purchase department. The Purchase Officer also functions as In-charge of Stores.
10. The civil construction works executed through contractors are measured and recorded in the Measurement Book by Contractual Employees. Further the Consultant, designated for countersigning such measurement, is also appointed on contractual basis despite having a regular Maintenance Engineer as well as Professor In-charge of Civil Engineering Department.
11. A list of approved suppliers was not maintained and thereby purchases were not made from approved suppliers as required under the provisions of GFR.
12. While passing the bill for payments as well as while booking the payments in the accounts the expenditures are not properly classified. Due to this reason revenue expenditures are taken as Capital Expenditure and vice-versa.
13. Before issue of cheques the Voucher Number was not indicated on the bill passed for payment. Consequently, in a number of cases of payments recorded in the Liquid Cash Book (March 2011), the voucher numbers were not recorded. Before issue of cheques, the voucher number needs to be assigned to the bills, which are passed for payment.

14. No committee was constituted to manage the investment made by the Institute. In absence of which the Institute had not taken into account the amount of investment of Rs.1.26 lakh invested in Fixed Deposit and in other case the Institute although exhibited investment of Rs.149.65 lakh under Depreciation Fund actual investment certificate was produced only Rs.139.65 lakh.

15 The Institute had prepared the Receipts and Payments account, Income and Expenditure account and Balance Sheet of General Provident Fund in one page and appended with the annual accounts without any supporting schedules. In absence of detailed supporting schedules, ledger and other detailed records, the correctness of the figures exhibited in this account could not be verified in audit.

**C System of Physical verification on Fixed Assets**

The Consolidated Asset Register maintained by the Institute did not include assets procured prior to 2008-09 and as such, the actual position of assets could not be verified with reference to the Fixed Assets exhibited in the accounts (Schedule 8). No physical verification had been conducted by Institute since 2000-01 and as such, the actual existence of the assets could not be verified in audit. Reason for non-verification was also not on record. In the absence of any Asset Register and Physical Verification Report, the Fixed Assets depicted book value of acquisition and did not exclude irreparable, condemned and obsolete assets. This resulted in overstatement of both Fixed Assets and Capital Fund. Despite mention in previous year's Audit Report, no corrective action had been taken to exhibit actual value of assets and to conduct Physical Verification of Assets.

**D Statutory Liabilities**

i)	P Tax (Hostel employees)	₹0.29 lakh
ii)	P Tax	₹3.80 lakh
iii)	Group Insurance (Hostel employees)	₹0.02lakh
iv)	Group Insurance	₹0.38 lakh
v)	S Tax	₹0.35 lakh